

Message Text

LIMITED OFFICIAL USE

PAGE 01 TOKYO 10697 220725Z

12

ACTION EB-11

INFO OCT-01 EA-11 ADP-00 COME-00 AID-20 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-15 STR-08 OMB-01 CEA-02 CIAE-00

DODE-00 INR-10 NSAE-00 PA-03 USIA-15 PRS-01 RSR-01

/112 W

----- 018121

R 220405Z AUG 73

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 6160

LIMITED OFFICIAL USE TOKYO 10697

E.O. 11652: N/A

TAGS: EIND, ETRD, JA

SUBJECT: EFFECT OF DROUGHT CONDITIONS ON JAPANESE STEEL INDUSTRY

REF: STATE 161953

SUMMARY: NEWSPAPER ACCOUNTS CLAIM DROUGHT IS HAVING
SIGNIFICANT EFFECT ON PRODUCTION AND EXPORT OF STEEL
PRODUCTS. MITI AND INDUSTRY SOURCES DISCLAIM MAGNITUDE
OF PROBLEM BUT ADMIT ONE STEEL MILL (NIPPON KOKAN'S
FUKUYAMA WORKS) DRASTICALLY CURTAILED PRODUCTION AND SOME STEEL
SHIPMENTS DELAYED. IN ADDITION MITI IS ACTING TO CURB
DOMESTIC DEMANDS FOR STEEL PRODUCTS TO RESTRAIN FURTHER
PRICE RISES, BUT IS RESISTING PRESSURES TO CURTAIL EXPORTS.
TWO LARGEST PRODUCERS, HOWEVER ARE NOT NOW ENTERING LONG
TERM EXPORT CONTRACTS THAT GO BEYOND END OF 1973.
END SUMMARY.

1. MITI IRON & STEEL PRODUCTS DIVISION OFFICIAL CONFIRMED
STEEL MILLS IN WESTERN JAPAN HAVE BEEN AFFECTED
BY RECENT DROUGHT SITUATION. NIPPON KOKAN'S FUKUYAMA
WORKS WAS DESCRIBED AS BEING PARTICULARLY HARD
HIT. MITI SPOKESMAN STATED, HOWEVER, WITH EXCEPTION
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 TOKYO 10697 220725Z

OF NIPPON KOKAN'S FUKUYAMA WORKS, CURRENT

DROUGHT SITUATION HAS NOT YET RESULTED IN SIGNIFICANT DECREASES IN PRODUCTION OF RAW STEEL MILL PRODUCTS. MITI SOURCE FURTHER STATED THERE HAS BEEN NO DECREASE IN PRODUCTS OF BLAST FURNACE PIG IRON AND CRUDE STEEL.

2. NEWSPAPER REPORTS RECENTLY CLAIMED MITI HAD REQUESTED INDUSTRY TO RESTRAIN EXPORTS AND INDUSTRY IS NOT NOW ACCEPTING ANY NEW EXPORT CONTRACTS. MITI RECENTLY DECIDED TO ACT TO CURB DOMESTIC DEMAND FOR STEEL PRODUCTS TO PREVENT FURTHER PRICE RISES. MAJOR USERS OF STEEL PRODUCTS WILL BE ASKED TO CURB THEIR PURCHASES BY 5-10 PERCENT IN SEPTEMBER. HOWEVER, AT SAME TIME, THE MINISTRY'S DECISION MADE IT CLEAR THAT JAPAN WILL NOT INCLUDE EXPORT RESTRICTIONS IN ITS PROGRAM TO CONTROL PRICES. AN OFFICIAL OF IRON AND STEEL ADMINISTRATION DIVISION OF MITI FURTHER STATED MITI HAS NO PLANS TO CONTROL STEEL EXPORTS AS CONSEQUENCE OF CURRENT DROUGHT SITUATION.

3. IRON AND STEEL EXPORTERS ASSOCIATION CLAIMS EXPORTS ARE CONTINUING BUT SOME SHIPMENTS BEING DELAYED. NIPPON STEEL CORPORATION AND NIPPON KOKAN STATE MAJOR JAPANESE STEEL COMPANIES ARE NO LONGER ACCEPTING LONG-TERM CONTRACTS OR TIED CONTRACTS CALLING FOR EXPORT SHIPMENTS BEYOND END OF 1973, AND INDUSTRY IS NOT ACCEPTING NEW EXPORT CONTRACTS ON SPOT BASIS.

4. ACCORDING BOTH NIPPON STEEL AND NIPPON KOKAN, MINISTRY FINANCE AND ECONOMIC PLANNING AGENCY AS WELL AS SOME DIET MEMBERS CALLING FOR ACTION TO CURB STEEL EXPORTS IN FACE OF RECENT DOMESTIC PRICE INCREASES, BUT MITI HAS RESISTED THESE PRESSURES.

5. NIPPON KOKAN'S FUKUYAMA IRON & STEEL WORKS, LARGEST STEEL MILL IN JAPAN, AND PARTICULARLY HARD HIT BY CURRENT DROUGHT, IS CAPABLE OF PRODUCING 1 MILLION METRIC TONS OF CRUDE STEEL AND 800,000 METRIC TONS OF MILL PRODUCTS PER MONTH. THIS PRODUCTION CAPACITY ACCOUNTS FOR 10 PERCENT OF TOTAL JAPANESE PRODUCTION. NIPPON KOKAN'S FUKUYAMA WORKS REQUIRES 230,000-240,000 METRIC TONS OF INDUSTRIAL WATER PER DAY FOR NORMAL OPERATIONS. ROLLING MILL OPERATIONS LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 TOKYO 10697 220725Z

AT THAT PLANT HAVE BEEN COMPLETELY STOPPED EXCEPT FOR MAINTENANCE ACTIVITIES SINCE AUGUST 6. WATER SUPPLY WAS REDUCE TO 170,000 METRIC TONS PER DAY ON JULY 15; TO 100,000 METRIC TONS PER DAY ON JULY 26; TO 80,000 METRIC TONS PER DAY ON AUGUST 3; AND FINALLY REDUCED TO 50,000 METRIC TONS PER DAY ON AUGUST 6. ALTHOUGH NIPPON KOKAN REFUSES TO DISCLOSE THE TOTAL TONNAGE REDUCTION CAUSED BY DROUGHT SITUATION, EMBASSY ESTIMATES CUMMULATIVE REDUCTIONS

THROUGH AUGUST 20 HAVE REACHED 500,000 METRIC TONS AND
WILL CONTINUE AT 800,000 METRIC TONS PER MONTH RATE UNTIL
THEY CAN RESUME OPERATIONS.

6. EXPORT DEPARTMENT OF NIPPON KOKAN STATES THAT FIRM
INTENDS TO DEFER EXPORT SHIPMENTS TO EXTENT POSSIBLE,
BUT HAS NO INTENTION OF CANCELING EXISTING CONTRACTS.
NIPPON STEEL CORPORATION STATES THEIR EXPORT SHIPMENTS HAVE
NOT YET BEEN EFFECTED BY RECENT DROUGHT SITUATION.
SHOESMITH

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INDUSTRIAL PRODUCTION, DROUGHTS, STEELS, INDUSTRIAL EXPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 22 AUG 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: elyme
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973TOKYO10697
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: TOKYO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730821/aaaaapjt.tel
Line Count: 125
Locator: TEXT ON-LINE
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: STATE 161953
Review Action: RELEASED, APPROVED
Review Authority: elyme
Review Comment: n/a
Review Content Flags:
Review Date: 07 NOV 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <07-Nov-2001 by martinml>; APPROVED <06-Dec-2001 by elyme>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EFFECT OF DROUGHT CONDITIONS ON JAPANESE STEEL INDUSTRY
TAGS: EIND, ETRD, JA
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005